

Ian Mays

From: Steve Brubaker <steve.brubaker@comcast.net>
Sent: Wednesday, October 3, 2018 7:22 AM
To: Rep. Joseph Bellino, Jr. (District 17); Rep. Clint Kesto (District 39); Rep. Kathy Crawford (District 38); Rep. Lana Theis (District 42); Rep. Michael Webber (District 45); Rep. Beth Griffin (District 66); Rep. Roger Hauck (District 99); Rep. Missy Hoitenga (District 102); Rep. John Reilly (District 46); Rep. Jeremy Moss (District 35); Rep. Scott Dianda (District 110); Rep. John Chirkun (District 22); Rep. Frank Liberati (District 13); Rep. Leslie Love (District 10); Rep. Jewell Jones (District 11)
Cc: Ian Mays
Subject: FW: HB6420 Kills Small Season Long Fantasy Businesses
Attachments: IMG_20181003_0001.pdf

FOR COMMITTEE THIS MORNING.

From: Steve Brubaker <steve.brubaker@comcast.net>
Date: Wednesday, October 3, 2018 at 6:03 AM
To: <BrandtIden@house.mi.gov>
Subject: HB6420 Kills Small Season Long Fantasy Businesses

Representative Iden,

My name is Steve Brubaker, I represent a small group of season long fantasy sports companies that will be financially barred from operating in Michigan if HB6420 becomes law.

The fees to access the Michigan market contained in your bill are too high for small operators, as is the high cost of annual compliance audits.

Indiana and Virginia have \$50,000 registration fees and there are only 6 companies registered in those states. Conversely, New York has no registration fee, but a 15% assessment on gross revenues and they have 16 companies operating. Colorado exempts small companies from licensing – those with under 7500 participants – but requires that all small companies register. Colorado has 2 licensees and 30 registrants. Ohio has a \$50,000 fee, but the term of the license is 5 years, not 1 year as in your bill. Ohio will allow only two or three more companies to participate than Indiana or Virginia. Pennsylvania also has a 15% assessment on gross revenues.

With a \$50,000 initial fee and a \$20,000 renewal fee, and annual compliance audits you will have the same 6 companies that operate in Virginia and Indiana and no one else.

As a point of reference, the one operator that I have financial records for had total sales of \$155,000 in Michigan in 2017. They retained approximately \$28,000 with the remainder being paid back in prizes to participants. The \$50,000 fee and \$20,000 renewal, and a \$15,000 annual audit expense far exceeds the gross revenue of the company barring them from Michigan, should your bill become law.

If I had prior knowledge of your bill, I would have sought a meeting with you to discuss this before it was filed. We are a very small organization. I have to cover all 50 states. Unfortunately, I don't see bills until they are introduced.

I would be happy to meet with you to discuss solutions for small companies, but I ask that you hold the bill until we can find a solution for the small operators.

Attached are some supporting documents for your consideration.

Sincerely,

Steve Brubaker

The Small Businesses of Fantasy Sports Trade Association (SBFSTA)

217/306-1791



Pennsylvania Gaming Control Board



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FOR IMMEDIATE RELEASE

September 18th, 2018

COMMONWEALTH OF PENNSYLVANIA

Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

CONTACT

Doug Harbach or Richard McGarvey (717) 346-8321

Pennsylvania Gaming Control Board Reports August Monthly Fantasy Sports Contests Revenue

HARRISBURG, PA: The Pennsylvania Gaming Control Board today posted on its web site the August Fantasy Sports Contests Revenue Report. The report provides a breakdown on fees collected from the play of Pennsylvania participants, Fantasy Sports Contests Operators adjusted revenue, and tax revenue due to the Commonwealth. The report can be found at gamingcontrolboard.pa.gov.

Tax revenue is derived through a 15% assessment on adjusted revenue reported by the Fantasy Sports Contest operators, and is deposited into the Commonwealth General Fund. In total, tax revenue generated during August totaled \$943,620. Seven of the Fantasy Sports Contest operators reported tax revenue due.

Fantasy Sports revenue and tax revenue for each of the providers for August 2018 is displayed in the following tables:

Fantasy Sports Contest Provider	Fantasy Sports Contest Adjusted Revenue	State Tax Due
DraftKings	\$502,023.71	\$75,303.56
FanDuel	\$424,487.40	\$63,673.11
DRAFT	\$10,763.69	\$1,614.55
Fantasy Draft	\$3,847.78	\$577.17
Yahoo Fantasy Sports	\$1,358.31	\$203.75
Boom Fantasy	\$713.58	\$107.03
Sportshub Technologies	\$425.75	\$63.86
Full Time Fantasy Sports	\$0.00	\$0.00
Fantasy Football Players Championship	\$0.00	\$0.00
Total	\$943,620.22	\$141,543.03

About the Pennsylvania Gaming Control Board:

The Pennsylvania Gaming Control Board is tasked to oversee all aspects of the state's casino industry, along with oversight of new gaming initiatives created through amendments to the Race Horse Development and Gaming Act recently approved by the signing of Act 42 of 2017.

The Commonwealth's casino industry currently consists of 10 stand-alone and racetrack casinos in operation, along with the two smaller resort casinos. These facilities collectively employ 17,000 people and annually generate approximately \$1.4 billion in tax revenue from slot machine and table games play. The largest portion of that money is used for property tax reduction to all Pennsylvania homeowners.

Additional information about both the PGCB's gaming regulatory efforts and Pennsylvania's gaming industry can be found at gamingcontrolboard.pa.gov. You can also follow the agency on Twitter by choosing @PAGamingControl.

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Interactive Fantasy Sports	Interactive Fantasy Sports Operators - Temporary Permits: The following entities have applied for and received temporary permits to operate interactive fantasy sports contests in New York State: <ul style="list-style-type: none">• DraftKings• FanDuel• Yahoo• Fantasy Draft• Draft• Syntk Games, Inc. d/b/a letsRUMBL• Fanamana, Inc.• DataForce, LLC• RealTime Fantasy Sports• For Players By Players• Vauntek, Inc.• Sports Hub Technologies• MastersFantasyLeagues.com• Boom Fantasy• Fulltime Fantasy Sports, LLC
Temporary Permits	
Tax and Revenue	
Required Protections	
Advertising and Other Restrictions	

Gaming Commission

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THE INDIANA GAMING COMMISSION

LIST OF PAID FANTASY SPORTS OPERATORS

Current as of: 06/29/2018

DRAFTKINGS, INC

125 Summer St. Suite 510
Boston, MA 02110

Phone: 508-397-5017
Fax: 617-977-1727

03/30/2017 - Application for License Received
06/29/2017 - License Issued
06/29/2018 - Latest License Renewal

FANDUEL, INC

300 Park Ave South, 14th Floor
New York, NY 10010

Phone: 646-930-0950

03/31/2017 - Application for License Received
06/29/2017 - License Issued
06/29/2018 - Latest License Renewal

FANTASYDRAFT, LLC

19620 Catawaba Ave, Ste 200
Cornelius, NC 28031

Phone: 202-257-2693
Fax: 704-748-0037

04/03/2017 - Application for License Received
06/29/2017 - License Issued
06/29/2018 - Latest License Renewal

SPORTSHUB TECHNOLOGIES, LLC

150 South Fifth Street, Suite 3100
Minneapolis, MN 55402

Phone: 855-475-5653

06/27/2017 - Application for License Received
09/29/2017 - Permanent License Issued

STARSTREET, LLC

217 W. 21st St
New York, NY 10011

Phone: 732-669-2256

08/10/2017 - Application for License Received
08/15/2017 - Temporary License Issued
11/16/2017 - Permanent License Issued

YAHOO FANTASY SPORTS, LLC

701 First Avenue
Sunnyvale, CA 94089

Phone: 213-633-6800

09/07/2017 - Application for License Received
09/07/2017 - Temporary License Issued
11/16/2017 - Permanent License Issued



Virginia's Registered Fantasy Contest Operators

- I. DraftKings, Inc.**
125 Summer Street, Suite 510
Boston, MA 02110
Registration Period: July 1, 2017 to June 30, 2018
- II. FanDuel, Inc.**
300 Park Avenue South, 14th Floor
New York, NY 10010
Registration Period: July 1, 2017 to June 30, 2018
- III. Fantasy Draft, LLC**
19620 West Catawba Avenue, Suite 200
Cornelius, NC 28078
Registration Period: September 1, 2017 to August 31, 2018
- IV. StarStreet, LLC dba Draft**
40 West 28th Street, 2nd Floor
New York, NY 10001
Registration Period: July 14, 2017 to July 30, 2018
- V. SportsHub Technologies, LLC dba Fanball, CDM Sports, and National Fantasy Championship**
323 Washington Avenue, North, Suite 320
Minneapolis, MN 55401
Registration Period: August 17, 2017 to August 30, 2018
- VI. Yahoo, Inc.**
701 First Avenue
Sunnyvale, CA 94089
Registration Period: August 31, 2017 to August 31, 2018